

Investment Strategy

R & B McDougall Superannuation Fund

Background:

The investment strategy outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of R & B McDougall Superannuation Fund (“the Fund”).

The members of the fund are Bruce McDougall (68) and Rhondda McDougall (aged 64). All members of the fund are in both accumulation and Pension stage and the fund has combined assets (as at 30 June 2021) of \$1,593,283.

As the members’ interests in the Fund is in pension phase the Fund needs sufficient cash to be available for payment of pensions and administration expenses. Accordingly, the Fund requires some liquidity however it does not require a regular rate of return.

Objectives:

The objective of the fund is to:

- Provide superannuation benefits to members and their dependants to meet their retirement needs.
- Ensure that appropriate mixes of investments are held by the fund to support these needs
- Ensure the fund has sufficient liquidity at all times to meet all commitments
- Maximise the tax effectiveness of fund investments thereby delivering the best long term after tax return for members.

The overall composition of the fund’s assets and their diversification will be given appropriate consideration. When doing so, members’ assets held outside of their SMSF will also be taken into consideration.

Investment Choice:

The Trustees have determined the fund’s investments may include but not be limited to all or one of the following:

- Direct equities, stocks and derivatives including participation in dividend reinvestment programs and right issues, including the use of geared instalment warrants:
- Property trusts and associated investments:
- Managed investments and associated products:
- Direct residential, industrial and commercial property investment [including geared property investments purchased using allowable limited recourse borrowing arrangements]:
- Deposits and investments with banks and other financial institution securities including Term Deposits, Debentures, Secured and Unsecured Notes and Bonds:
- Any other investment that the trustees may feel prudent to achieve the objective of the fund.

The fund may, depending on the opportunity, consider alternative-type investments for a small portion of the balance, or derivatives. When investing in derivatives a derivative risk statement outlining the expertise of the trustee will be attached.

The Trustee may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formulation or implementation of this or any future investment strategy.

In formulating this strategy, the trustees have taken into consideration relevant features of the various investments in accordance with both the fund’s objectives and appropriate legislation.

- the risks and likely return associated with each investment.
- the range and diversity of investments held by the fund.
- any risks coming from limited diversification.
- the liquidity of the fund’s investments.
- the ages and preferences of its members.
- expected cash flow requirements; and
- the ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

Asset Allocation:

After consideration of the expected risk and return of investments, appropriate diversification, the liquidity of certain investments with regard to the fund’s expected cash flow requirements and the fund’s ability to discharge its liabilities, the trustees have agreed on the following asset allocation targets.

Growth Assets	Indicative long-term range
• Australian Listed Equities	20-70%
• Australian Unlisted Equities	1-20%
• Overseas Listed Equities	10-50%
• Overseas Unlisted Equities	1-5%
Defensive assets	
• Cash and term deposits	1-20%

Policies:

The policies adopted by the Trustees in order to achieve these objectives are:

- A sufficient liquid balance will be maintained to meet regular cash-flow requirements of administration expenses and tax as well as member benefits.
- The fund will be sufficiently diversified across asset classes.
- Regular monitoring of the performance of the fund’s investments, the overall investment mix and the expected cash flow requirements of the fund.
- Re-balancing the fund’s investment portfolio due to changes in market conditions through asset sales and new investments as appropriate.

The Trustees will aim to follow the investment strategy; however, they will always reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the fund.

A copy of the Investment Strategy of the fund will be available to members of the fund on request.


Insurance:

The Trustees have considered whether the Fund should hold a contract of insurance for its members and have concluded that no such contracts should be held at this time or in the foreseeable future.


Review and Monitoring:

The trustees will monitor and review the fund's investment activities on a regular basis and to communicate with the members should they feel that any change in strategy is necessary in order to achieve the fund's objective.

Dated: 30th June 2021



Bruce McDougall
Director



Rhondda McDougall
Director